ECONOMIC IMPACT ANALYSIS TOOL FOR EQUIPMENT UNDER WARRANTY

Abstract of Disclosure

The present technique provides a method and system for analyzing the economic effect of a product warranty associated with a product. The technique utilizes a statistical model of the failure rate of the product. The technique also utilizes economic data associated with the product and the warranty. The technique performs convolutions of the economic data and the statistical model of the failure rate of the product to identify an effective cost of the product and an effective selling price for a replacement product for a failed product. The effective cost, effective selling price data, and variation in profit margin for the product are determined for a range of warranty durations and warranty types. This data enables a user to quantitatively analyze the effect of variations in product warranties.

Figures